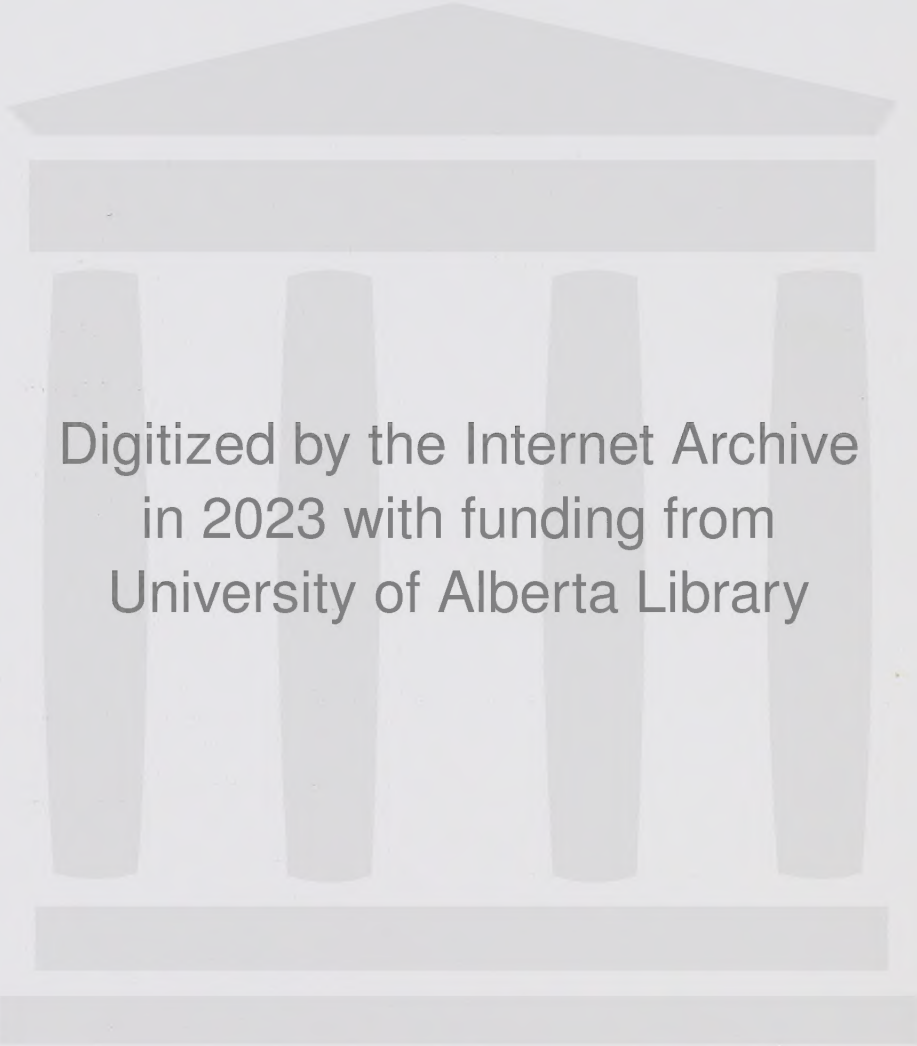


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ANNUAL REPORT 1964
THE JAMES MORRISON BRASS
MANUFACTURING COMPANY LIMITED



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**THE JAMES MORRISON BRASS MANUFACTURING
COMPANY LIMITED**

DIRECTORS

G. R. GARDNER	W. L. NEWBOLD
M. BRUCE	G. F. BUCK
A. J. OXENHAM	G. B. HARRISON
J. A. GAIR	J. N. LEWIS

EXECUTIVE OFFICERS

G. R. GARDNER.....	President and General Manager
M. BRUCE.....	Vice-President and Works Manager
A. J. OXENHAM.....	Secretary

Head Office and Plant

276-278 KING STREET WEST, TORONTO, ONT.

THE JAMES MORRISON BRASS MANUFACTURING COMPANY LIMITED

TO THE SHAREHOLDERS:

Your Directors submit the report of your Company, together with financial statements for the year ended December 31st, 1964 with Auditor's report thereon.

During the year 1964 we re-located several departments, localizing our machine shop on one floor and installing a modern production line in the gauge department. These moves will improve productivity and lower costs.

Your Directors wish to acknowledge with appreciation the loyalty and efficiency of the Staff and Employees.

By order of the Board of Directors.

G. R. GARDNER,
President and General Manager.

Toronto, Ontario,
August 27, 1965.



PRODUCTS MANUFACTURED BY JAMES MORRISON BRASS

GLOBE VALVES • ANGLE VALVES • CHECK VALVES • GATE VALVES
NON RETURN STOP AND EQUALIZING VALVES • FLOAT VALVES

The above in Brass, Bronze, Iron and Steel, in pressure ratings of 100 p.s.i., 125 p.s.i.,
150 p.s.i., 200 p.s.i., 250 p.s.i., 300 p.s.i., and 400 p.s.i.

MARINE VALVES	Brass, Bronze, Iron, Steel
BOURDON TUBE GAUGES	Pressure, Vacuum, Compound, Altitude, Oxygen, Ammonia, Inspector's Test, Laboratory Test
DIAPHRAGM ATTACHMENTS FOR GAUGES	
A.S.M.E. STANDARD NATIONAL BOARD RATED	Safety, Safety Relief Valves
A.G.A. AND C.G.A. LISTED	Temperature and Pressure Relief Valves
PRESSURE REDUCING VALVES	Steam, Water, Oil and Air
PIPE LINE STRAINERS	Brass, Iron
DUPLEX STRAINERS	Brass, Iron
EXPANSION JOINTS	Brass, Iron, Packed or Sleeve type, semi guided or externally guided
BOILER MOUNTINGS	Gauge Cocks, Liquid Level Gauges, Water Columns, Marine Mountings

MARINE FITTINGS, VALVES AND GAUGES

Our Products are used by mechanical contractors, original equipment manufacturers, shipbuilders, railways, steamship lines, mines and industry.

We market our products through Jobbers and Distributors who are serviced by fourteen direct representatives across Canada with Sales Offices in Quebec City, Montreal, Ottawa, Edmonton and Vancouver.

THE JAMES MORRISON

BALANCE SHEET AS

ASSETS

Current Assets

Cash	\$	226
Accounts receivable		207,255
Due from Fidelitron Corporation		12,018
Inventories (note 1)		712,028
Prepaid and deferred expenses		<u>32,537</u>
Total current assets		964,064

Fixed Assets — at cost

Land	\$	165,000
Building		238,788
Plant equipment		722,200
Office equipment		57,954
Automobile		<u>4,831</u>
		1,188,773

Less —

Accumulated depreciation	<u>574,122</u>	614,651
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Goodwill, Patents and Patterns		<u>1</u>
		<u><u>\$1,578,716</u></u>

The accompanying notes are an integral part of these financial statements.

RASS MANUFACTURING COMPANY LIMITED

Incorporated under the Companies Act of Canada)

DECEMBER 31, 1964

LIABILITIES

Current Liabilities

Bank indebtedness — secured	\$ 191,451	
Accounts payable and accrued	277,385	
Provincial taxes payable	1,126	
Current portion of long-term debt	<u>7,000</u>	
Total current liabilities		476,962

Long-Term Debt

4% First Mortgage sinking fund bonds series "A" due May 1, 1967 (note 2)	\$ 71,000	
Less —		
Sinking fund requirements included in current liabilities	<u>7,000</u>	64,000

Shareholders' Equity

Capital stock (note 3)

Authorized —

5,000,000 Common shares without
par value

Issued —

1,490,000 Common shares 666,000

Retained earnings	<u>371,754</u>	<u>1,037,754</u>
		<u><u>\$1,578,716</u></u>

Approved on behalf of the Board:

G. R. GARDNER, Director.

M. BRUCE. Director.

THE JAMES MORRISON BRASS MANUFACTURING COMPANY LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED DECEMBER 31, 1964

Income from Operations before taking into account the following items		\$112,853
Provision for depreciation	\$17,500	
Directors' fees	400	
Remuneration of executive employee-officers	67,321	
Bond interest	3,133	
Research and development	3,451	91,805
		<hr/>
Income from Operations		21,048
Profit on Disposal of Fixed Assets		9,063
Loss on Redemption of Bonds		(45)
		<hr/>
Net Income (note 4)		30,066
Retained earnings at Beginning of Year		341,688
		<hr/>
Retained earnings at End of Year		\$371,754
		<hr/> <hr/>

The accompanying notes are an integral part of these financial statements.

THE JAMES MORRISON BRASS MANUFACTURING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1964

NOTE 1. Inventories include the following:

Standard products	\$395,979.00
Marine and specialty products	316,049.00
	<u>\$712,028.00</u>

Standard products are valued at the lower of cost or net realizable value. Marine and specialty products are valued at cost. A substantial portion of these latter products are represented by catalogue specialty items which, on the basis of past experience, will not all be disposed of during the current year. It is the company's policy to value these items for inventory purposes at cost without provision for slow movement since, in the judgment of the company, these items will ultimately be sold at prices which are not less than cost.

NOTE 2. In accordance with the terms of the trust deed securing the first mortgage bonds, the company is required to retire bonds, of a par value, annually as follows:

by May 1, 1965	\$ 7,000.00
by May 1, 1966	8,000.00
by May 1, 1967 (balance)	56,000.00
	<u>\$ 71,000.00</u>

NOTE 3. Stock options have been granted to key employees to purchase an aggregate of 100,000 common shares at 50¢ per share, exercisable up to September 2, 1965.

NOTE 4. The company follows the policy of (1) deferring certain expenses that must be claimed for income tax purposes in the year incurred and (2) claiming capital cost allowances for income tax purposes at rates differing from those used to record depreciation in the accounts. As a result of this policy, at December 31, 1964 the amounts so claimed for income tax purposes exceeded the amounts recorded in the accounts by \$215,000.00

No provision for income taxes is required for 1964 by reason of the offset of a prior year's loss. At December 31, 1964 the amount of such loss available for offset against the income of future years (1965-68) was approximately \$105,000.00.

THE JAMES MORRISON BRASS MANUFACTURING COMPANY LIMITED

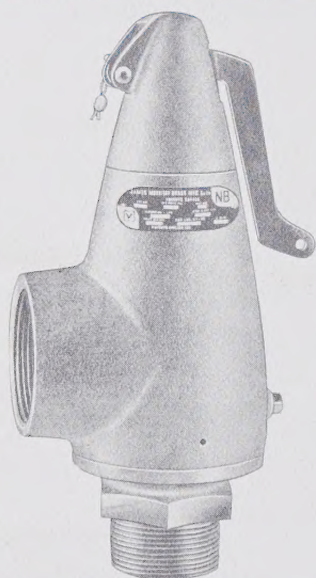
AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of The James Morrison Brass Manufacturing Company Limited as at December 31, 1964 and the statement of income and retained earnings for the year then ended and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances except that we were unable to determine, for purposes of comparison with cost, the ultimate net realizable value of inventories of certain specialty products which may not be disposed of during the current year as explained in note 1.

Subject to the effect, if any, of the matter referred to in the preceding paragraph, in our opinion and according to the best of our information and the explanations given to us and as shown by the books of the company, the accompanying balance sheet and statement of income and retained earnings are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company at December 31, 1964 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

RIDDELL, STEAD, GRAHAM & HUTCHISON

June 24, 1965



QUALITY VALUE
SINCE 1864